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FISCAL IMPACT STATEMENT

LS 6600

BILL NUMBER: SB 335

NOTE PREPARED: Jan 4, 2006

BILL AMENDED:

SUBJECT: Health Facility Fire Sprinklers and Smoke Alarms.

FIRST AUTHOR: Sen. Landske

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a health facility to have: (1) an automatic fire sprinkler system throughout the facility before July 1, 2011; and (2) an automatic fire detection system that meets specified requirements before July 1, 2008.

The bill requires the State Department of Health to publish the types of sprinkler systems and smoke detectors in each health facility in the department's consumer guide to nursing homes.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Indiana Veterans' Home:* The facilities of the Indiana Veterans' Home are partially sprinklered. Depending on actions taken by the Department of Health with regard to certifying the Veterans' Home for participation in the Medicare and Medicaid programs, this bill could require the Veterans' Home to be fully sprinklered by July 1, 2011. The facility is reported to have hard-wired smoke detectors throughout, although the extent to which the system complies with the specifications contained in the bill is not known. The cost of implementing the facility upgrades is unknown at this time.

Background Information on the Indiana Veterans' Home: The Veterans' Home is licensed by the Department of Health. Currently, the licensure status of the Veterans' Home is optional; state- or county-owned long-term care facilities are not required to be licensed under state law. The facility is not certified for Medicare or Medicaid at this time. If the Department does not certify the Veterans' Home, the state licensure could be allowed to expire and the provisions of the bill would then not apply. However, the Department is in the process of obtaining certification as authorized in PL 224-2003. Certification rules for Medicare and Medicaid require

that the facility be licensed. Therefore, if the state certifies the Veterans' Home to participate in the Medicare and Medicaid programs, this bill would require that the state fully sprinkler the Indiana Veterans' Home.

There are currently 7 licensed, but not certified, nursing facilities in the state; (the Indiana Veteran's home is one of the 7). The sprinkler and smoke detector status of these facilities is not known at this time. The provisions of this bill would apply to the facilities which do not receive Medicaid or Medicare reimbursement and are therefore not subject to Centers for Medicare and Medicaid Services (CMS) certification requirements.

Smoke Detectors: The bill requires that licensed nursing facilities have a hard-wired smoke detection system that meets certain specifications installed by July 1, 2008. Currently, facilities that are fully sprinklered are not required to have smoke detectors. The extent to which fully sprinklered nursing facilities in Indiana also have hard-wired smoke detection systems that meet the specifications in the bill is not known. The CMS requirements have recently been revised to require that certified nursing facilities install battery-operated smoke detectors in resident rooms and public areas if they do not have an automatic sprinkler system or a hard-wired smoke detection system in those areas. This requirement will be effective in March 2006.

Medicaid Impact: The estimated fiscal impact of requiring the installation of hard-wired smoke detection systems in all certified nursing facilities has been estimated to be an annual total of \$569,000 in state and federal dollars. The state share of the additional expenditure would be approximately \$216,300 each year due to the increased capital cost. This estimate is based on current rate information and assumes that no facilities currently have hard-wired smoke detection systems.

Background on Sprinkler Systems Provisions: The bill would require facilities, not currently under a requirement to do so, to have automatic fire sprinkler systems installed throughout the facility by July 1, 2011. Current building requirements for nursing facilities require automatic fire sprinkler systems, so new construction would not be affected. The State Department of Health reports that of 516 certified comprehensive care facilities in the state, there are currently 14 health facilities in Indiana that do not have automatic fire sprinkler systems. An additional 12 facilities are reported to be partially protected by sprinkler systems.

Comprehensive care units reported as partially sprinklered that are located in hospitals and licensed as hospital beds are not affected by the provisions of the bill. The smoke detection system status of these facilities is unknown. A freestanding comprehensive care facility that is owned by a hospital but licensed as a nursing facility would be required to comply with the provisions of the bill. There are five long-term care units that appear to be located in hospital facilities that are reported to be partially sprinklered.

The State Department of Health reports that facilities are currently required to meet the standards that were in place when they were initially constructed or certified. Additionally, CMS requirements have recently been revised to require that nursing facilities install battery-operated smoke detectors in resident rooms and public areas if they do not have an automatic sprinkler system or a hard-wired smoke detection system in those areas.

Explanation of State Revenues:

Explanation of Local Expenditures: Nursing facilities that are partially sprinklered or not sprinklered that are owned and operated by local units of government would be required to install sprinkler systems. Of the facilities currently listed as being affected by the provisions of the bill, none are believed to be owned by local units of government. The smoke detection system status of these facilities is unknown. Nursing facilities that

are owned and operated by local units of government would be required to install smoke detection systems that meet the specifications of the bill.

Explanation of Local Revenues:

State Agencies Affected: Indiana Veterans' Home; Indiana State Department of Health; Office of Medicaid Policy and Planning of the Family and Social Services Administration.

Local Agencies Affected:

Information Sources: State Department of Health.

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